

## Message Text

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66/17

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02

AGR-10 /087 W

----- 081524

R 130312Z MAR 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 6078

INFO AMEMBASSY NEW DELHI

AMCONSUL CALCUTTA

UNCLAS DACCA 1300

C O R R E C T E D C O P Y - P A R A N B R S I X

E.O. 11652: N/A

TAGS : EAGR, BG

SUBJECT : 1975/76 JUTE POLICY ANNOUNCED

1. BANGLADESH JUTE MINISTER ASADUZZAMAN KHAN  
ANNOUNCED MARCH 12 BDG 1975/76 JUTE POLICY. MINISTER

SET NO RPT NO STATUTORY MINIMUM PRICE FOR RAW JUTE,  
LEAVING CULTIVATORS FREE TO SELL JUTE AT PREVAILING  
MARKET PRICE. THIS WAS IN PRACTICE THE CASE IN  
1974/75 WHEN PRICES RULED WELL ABOVE STATUTORY  
MINIMUM OF TK. 60/MAUND (ROUGHTLY TEN CENTS PER POUND).  
TEXT ANNOUNCEMENT FOLLOWS BY AIRGRAM.

2. 1975/76 PROJECTED REQUIREMENTS. MINISTER PROJECTED  
1975/76 REQUIREMENTS AT 7 MILLION BALES OF WHICH 3.2  
MILLION WOULD GO TO DOMESTIC MILLS AND 2.8 MILLION  
FOR EXPORT AS RAW JUTE. TO MEET THESE NEEDS PLUS  
VILLAGE CONSUMPTION (200,00 BALES) AND ASSUMING  
A REDUCTION IN YEAR-END CARRYOVER STOCKS FROM 1.5  
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MILLION TO 800,000 BALES WOULD REQUIRE A 1975 CROP

OF 5.5 TO 6.0 MILLION BALES. THIS WOULD BE AN INCREASE OF NEARLY 50 PERCENT OVER 1974 BDG-ESTIMATED PRODUCTION OF 4 MILLION BALES.

4. ACHIEVING 1975 PRODUCTION TARGET. MINISTER FORESAW QTE NO DIFFICULTY UNQTE IN ACHIEVING 1975 PRODUCTION TARGET:

(AL 500,000 ACRES TO BE BROUGHT UNDER INTENSIVE JUTE CULTIVATION SCHEME (RISING TO 1.3 MILLION BY 1978);  
(B) BDG WILL CONTINUE TO BE MAJOR BUYER (70 PERCENT OF CROP) AND WILL CONTINUE LAST SEASON'S PURCHASING POLICIES, WHICH SAW PRICES MOVE FROM TAKA 63/MAUND UP TO HIGH-POINT OF TAKA 170/MAUND;  
(C) BDG WILL TAKE STEPS TO REDUCE CORRUPTION IN JUTE PURCHASING ARRANGEMENTS;  
(D) BDG WILL CONTINUE EFFECTIVELY CHECK SMUGGLING.

5. NATIONALIZATION. MINISTER TOOK OCCASION TO EMPHASIZE THAT NATIONALIZATION OF JUTE INDUSTRIES WOULD CONTINUE AND BDG WOULD NOT RPT NOT QTE COMPROMISE UNQTE ON THIS ISSUE.

6. COMMENT: OUR FIRST REACTION IS THAT 1975/76 RAW JUTE PRODUCTION TARGET WILL NOT RPT NOT BE ACHIEVED AND, ON THE CONTRARY, GIVEN PRESENT JUTE/ RICE PRICE RELATIONSHIP, 1974/75 TREND TOWARD RICE CULTIVATION WILL CONTINUE. HOWEVER, WE WILL CHECK THIS REACTIION WITH JUTE TRADERS, BDG OFFICIALS AND OTHER OVER NEXT FEW DAYS IN ORDER TO COMMENT MORE FULLY IN SUBSEQUESNT REPORTS.  
CHESLAW

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## Message Attributes

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